
**Economic Development,
Agriculture & Trade Committee**

HB 2498

Brief Description: Establishing an industry cluster-based approach to economic development.

Sponsors: Representatives Kilmer, Buri, Morrell, Skinner, Green, Linville, McCoy, Moeller, Chase, Rodne, Conway, Haler, Morris, Ericks and Sells.

Brief Summary of Bill

- Directs the Department of Community, Trade and Economic Development to identify industry clusters, working with various entities and to develop strategies to foster the development of the state and regional industry clusters.
- Creates a competitive grant program to assist communities to develop, in partnerships, regional economic development and industry cluster strategies, and to conduct related cluster market strategies.

Hearing Date: 1/17/06

Staff: Tracey Taylor (786-7196).

Background:

A cluster is a geographic grouping of interdependent, competitive companies, their suppliers and supporting institutions. They represent regional specialization and comparative advantage. There is a growing interest in looking at particular industry clusters in Washington to better focus the public support of economic development. This includes looking at the natural clusters to be more responsive in creating an educated and skilled workforce to support the clusters and providing public infrastructure.

Summary of Bill:

The Department of Community, Trade and Economic Development (DCTED) must work with industry associations and organization to identify regional and statewide industry clusters. This includes conducting focus groups, supporting the formation of industry cluster associations, and providing methods of economic communication and information among the firms within the industry cluster.

The DCTED must also work with industry clusters, private organizations, local governments, local economic development organizations and higher education and training institutions to develop strategies to strengthen Washington's industry clusters.

A competitive grant program is created to assist communities to develop, in partnerships, regional economic development and industry cluster strategies and to conduct related cluster market strategies. The grant program will be administered by the DCTED.

Grant applicants must include organizations from at least two counties, and may include local government, economic development councils, federally recognized Indian tribes, workforce training boards, and educational institutions. Applicants should also include participants from the local business community. Financial participation of the partner organizations is required.

A grant, of up to \$100,000 per applicant, may be used to fund organizational activities necessary to develop the partnership's regional economic development and industry cluster strategies. It may also be used for related marketing strategies.

The grant program expires June 30, 2007.

Appropriation: The sum of \$600,000.

Fiscal Note: Requested on January 10, 2006.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.